



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>



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JUL 01 2015

DIV. OF OIL, GAS & MINING

IN REPLY REFER TO:

3504 / (UT-9223)

UTU-0126938, UTU-0126940,

UTU-0126942, UTU-0126943,

UTU-060749, UTU-073071,

UTU-78402, UTU-78403 and

UTU-78405

JUN 29 2015

CERTIFIED MAIL – 91 7199 9991 7034 9482 2249

Return Receipt Requested

DECISION

American Gilsonite Company
29950 South Bonanza Highway
Bonanza, Utah 84008

: Gilsonite Leases
: UTU-0126938 et. al.
:

Bond Increase Required

American Gilsonite Company currently has on file with the Utah State Office of the Bureau of Land Management (BLM) a surety bond in the amount of \$120,000 and a personal statewide bond (treasury notes) in the amount of \$313,000, which provides bond coverage for all federal gilsonite leases in the State of Utah.

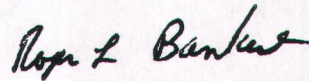
Regulations at 43 CFR 3504.60 allow for the amount of any bond to be increased/decreased when additional/less coverage is determined to be appropriate. The BLM Utah State Office, in conjunction with the BLM Vernal Field Office, is requiring that additional bond coverage for your gilsonite leases be provided in the amount of \$673,000 based on the production and present reclamation requirements on these Federal gilsonite leases.

In order to mitigate the impact of this increased bond amount, it has been determined that as long as your lease accounts remain in good standing, you may make incremental increases in bonding of \$135,000/yr for the next four years and an increase of \$133,00 for the fifth year. If your lease accounts do not remain in good standing or you fail to submit the annual increased bond amount timely, the total amount of increased bonding will be immediately due.

These bond amounts may be provided by submitting a new surety bond or additional treasury note for the required amount. Enclosed are forms for submitting a surety bond (Form 3504-3) or a treasury note or cash in lieu of bond (Form 3504-1). If you do not agree with the bond amount, you must submit written justification to this office clarifying your position for a lesser bond amount.

The first increased bond must be provided by December 31, 2015, and the additional increases must be provided by December 31st of the following four years. A compliance period till December 31, 2015, will be allowed to submit the above bond. If no action is taken by that time the full amount of \$673,000 bonding will be required.

If you have further questions, please call Bill Buge at (801) 539-4086 or Stan Perkes at (801) 539-4036.



Roger L. Bankert
Chief, Branch of Minerals

Enclosures:

1. Surety Bond Form 3504-3
2. Personal Bond and Power of Attorney Form 3504-1

cc: State Division of Oil, Gas and Mining
BLM Green River District Office (UTG00)